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such as time, temperature, or volume change, shall be revalidated;

(D) Have their technology and procedures verified by a Board-approved DV auditor to ensure they are being applied appropriately. A DV auditor may not be an employee of the manufacturer that he/she is auditing. DV auditors must submit a report to the Board after conducting each audit. DV auditors must submit an initial application to the Board on ABC Form No. 53, “Application for Direct Verifiable (DV) Program Auditors,” and be approved by the TERP. Should the applicant disagree with the TERP’s decision concerning approval, it may appeal the decision in writing to the Board, and ultimately to USDA. For subsequent crop years, approved DV auditors with no changes to their initial application must send the Board a letter, signed and dated, indicating that there are no changes to the application the Board has on file. The TERP may revoke any approval for cause. The TERP shall notify the DV auditor in writing of the reasons for revoking the approval. Should the DV auditor disagree with the TERP’s decision, it may appeal the decision in writing to the Board, and ultimately to USDA. A DV auditor whose approval has been revoked must submit a new application to the TERP and await approval;

(E) Maintain all records regarding validation and verification of treatment methods, processing, and product traceability. Such records shall be retained for two years and shall be made available for review by the Board; and,

(F) Ship any almonds which will not be treated to a handler, to another approved DV user, to locations outside the U.S., Canada, and Mexico (containers must remain identified with the term “unpasteurized”), as specified in § 981.442(b)(6)(i), or dispose of such almonds in non-edible channels.

(ii) Handlers may ship untreated almonds directly or through a third party to locations outside the U.S., Canada, and Mexico, provided that each container of such almonds is identified with the term “unpasteurized.” Such lettering shall be on one outside principal display panel, at least ½ inch in height, clear and legible. If a third party is involved in the transaction,

the handler must provide sufficient documentation to the Board to track the shipment from the handler’s facility to the importer in the foreign country.

(7) *Other restrictions.* The provisions of this section do not supersede any restrictions or prohibitions regarding almonds grown in California under the Federal Food, Drug and Cosmetic Act, or any other applicable laws or regulations or the need to comply with applicable food and sanitary regulations of city, county, State or Federal agencies.

[42 FR 3160, Jan. 17, 1977]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 981.442, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and at www.fdsys.gov.

§ 981.450 Exempt dispositions.

As provided in § 981.50 any handler disposing of almonds for crushing into oil, or for poultry or animal feed, may have the kernel weight of these almonds excluded from his receipts, and exempt from program obligations so long as the handler qualifies as, or delivers such almonds to, a crusher, a feeder, or dealer in nut waste; the crusher, feeder, or dealer are acceptable to the Board; each delivery is made directly to the crusher, feeder, or dealer, by June 30 of the crop year; and each delivery is certified to the Board by the handler on ABC Form 8.

[42 FR 19322, Apr. 13, 1977]

§ 981.455 Interhandler transfers.

(a) *Transfers of almonds.* Interhandler transfers of almonds pursuant to § 981.55 shall be reported to the Board on ABC Form 7. The report shall contain the following information:

- (1) Date of transfer;
- (2) The names, and plant locations of both the transferring and receiving handlers;
- (3) The variety of almonds transferred;
- (4) Whether the almonds are shelled or unshelled;
- (5) The name of the handler assuming reserve and assessment obligations on the almonds transferred;
- (6) Whether the almonds had been treated to achieve a 4-log reduction in

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Salmonella bacteria, pursuant to § 981.442(b); and

(7) A unique handler identification number for each lot.

(b) *Transfers of reserve credits.* A handler may transfer reserve credits to another handler after having filed with the Board, in accordance with § 981.474, a completed ABC Form 13/14 covering the almonds to be diverted to a non-competitive outlet and all the documentation applicable thereto. Such a transfer does not relieve the transferring handler of any reserve obligations for the applicable crop year. The transferred credit shall not exceed the quantity needed by the receiving handler to cover that handler's reserve obligation. The Board shall complete the transfer upon receipt of an ABC Form 11 executed by both handlers. No transfer of reserve credits shall be made to satisfy a handler's inedible disposition obligation incurred pursuant to § 981.42(a).

(c) *Transfers of reserve withholding obligation.* A handler may transfer reserve withholding obligation to other handlers pursuant to § 981.55 after having filed with the Board an ABC Form 11 executed by both handlers. The Board shall approve the transfer upon receipt of the properly completed form.

(d) Transfer of inedible obligation may be made, with the approval of the Board, only when the inedible kernels are physically transferred with the entire lot of almonds. The transfer of the lot shall be reported on ABC Form 9, showing date of transfer and, for the transferring handler, the (1) original inspection certificate number, (2) total weight shown on the certificate, and (3) weight of inedible kernels shown on the certificate. For the receiving handler, ABC Form 9 shall show the (1) new inspection certificate number, (2) total weight shown on the certificate, and (3) weight of inedible kernels shown on the certificate. ABC Form 9 shall be signed by both, the transferring handler and the receiving handler, and submitted by the receiving handler to the Board for approval.

[42 FR 19322, Apr. 13, 1977, as amended at 44 FR 30076, May 24, 1979; 56 FR 19794, Apr. 30, 1991; 62 FR 56051, Oct. 29, 1997; 72 FR 51992, Sept. 12, 2007]

§ 981.466 Almond butter.

Almond butter as used in § 981.66(c) is hereby defined as a comminuted food product prepared by grinding shelled or blanched almonds into a homogeneous plastic or semiplastic mass or liquid having very few particles larger than $\frac{1}{16}$ inch in any dimension. To produce chunky style almond butter, almond chunks or pieces may be added up to a maximum of 25 percent by weight of the finished product. The size of the almond pieces used to make chunky style almond butter may not exceed $\frac{5}{16}$ inch in any dimension.

[48 FR 11250, Mar. 17, 1983]

§ 981.467 Disposition in reserve outlets by handlers.

(a) *Agents of Board.* Beginning with August 1 of any crop year, a handler may become an agent of the Board pursuant to § 981.67 for the purpose of disposing of reserve almonds of such crop year, in the authorized outlets. The agency shall be established upon a handler executing a reserve agreement (ABC Form 12) ABC, applicable to diversion, containing terms and conditions specified by the Board.

(b) *Reserve credit.* Credit in satisfaction of a reserve obligation shall not exceed the accrued reserve obligation derived by applying the reserve percentage to the quantity of almonds received by a handler for his own account during the crop year. Disposition by an agent of the Board in eligible reserve outlets within a crop year in excess of his reserve obligation shall be held to be a disposition of salable almonds. Whenever such disposition has been inspected and certified, if required, and has complied with the terms, conditions, and documentation applicable to disposition of reserve almonds as determined by the Board, the disposition may be credited against any reserve obligation subsequently incurred by the handler during that crop year, or the disposition may be credited pursuant to § 981.455(b) against the reserve obligation of another handler.

(c) *Minimum prices.* Minimum prices shall apply to 1990-91 crop year reserve almonds diverted to almond butter, natural almond paste, foil packets for